

VZCZCXRO8984  
PP RUEHBZ RUEH DU RUEHJO RUEHMR RUEHRN  
DE RUEHSB #0903/01 3201214  
ZNR UUUUU ZZH  
P 161214Z NOV 09  
FM AMEMBASSY HARARE  
TO RUEHC/SECSTATE WASHDC PRIORITY 5141  
INFO RUCNSAD/SOUTHERN AF DEVELOPMENT COMMUNITY COLLECTIVE  
RUEHAR/AMEMBASSY ACCRA 3173  
RUEHDS/AMEMBASSY ADDIS ABABA 3285  
RUEHBY/AMEMBAQCANBERRA 2546  
RUEHDK/AMEMBASSY DAKAR 2915  
RUEHRL/AMEMBASSY BERLIN 1712  
RUEHKM/AMEMBASSY KAMPALA 3333  
RUEHNR/AMEMBASSY NAIROBI 5781  
RUEHGV/USMISSION GENEVA 2465  
RUEAIIA/CIA WASHDC  
RUZEJAA/JAC MOLESWORTH RAF MOLESWORTH UK  
RHMFISS/EUCOM POLAD VAIHINGEN GE  
RHEFDIA/DIA WASHDC  
RHEHAAA/NSC WASHDC

UNCLAS SECTION 01 OF 02 HARARE 000903

SIPDIS

AF/S FOR B.WALCH  
DRL FOR N.WILETT  
ADDIS ABABA FOR USAU  
ADDIS ABABA FOR ACSS  
STATE PASS TO USAID FOR J.HARMON AND L.DOBBS  
STATE PASS TO NSC FOR SENIOR AFRICA DIRECTOR M.GAVIN

E.O. 12958: N/A  
TAGS: [ECON](#) [EAGR](#) [ZI](#)

SUBJECT: ZIMBABWE'S OTHER LAND CRISIS

11. SUMMARY: Lack of secure tenure is a problem for all farmers in Zimbabwe, not just the white commercial farmers who have lost their land. In the absence of transferable claims to land that can back agricultural credit, lack of financing now limits production across the entire sector and reduces expectations for the 2010 harvest. Much of the damage done to agriculture through the Government of Zimbabwe's (GOZ) "fast-track land reform" cannot be reversed. But agriculture will only be able to recover once reasonable credit is available, and for that land titles need to become tradable legal assets again. A necessary step to legalize titles is for the GOZ to complete the land audit donors are ready to support. END SUMMARY.

12. Zimbabwe's "fast-track land reform" -- GOZ-speak for uncompensated seizure of commercial farms -- has done more than put the country's most productive farmers out of business. It has also undermined the very foundation of commercial agriculture by destroying the entire system of transferable land tenure. It is no longer possible for farmers to secure debt with land, for the most efficient producers to replace inefficient ones, or for productive farmers to expand output by leasing additional land.

13. A report presented September 30 at the GOZ-sponsored National Agricultural Conference notes that "insecurity is evident across all the tenure sectors." The report highlighted tenure insecurity for so-called "A1 farmers" and "old resettlement" beneficiaries. (NOTE: A typical A1 farm is a few hectares carved out of a confiscated commercial farm; A2 farms are large-scale operations based on confiscated land; the "old resettlement" schemes were part of a pre-1998 process of moving farmers from communal land to smallholdings the GOZ purchased. END NOTE.) Tenure for both A1 and old resettlement land is based on a GOZ-issued permit rather than a registered lease. Unlike a lease, the permit is not transferable and does not grant tenure for a specified period. Many A1 farmers have no formal documentation of their permits. As a result, neither A1 farmers nor those who benefited from the resettlement schemes can use land claims as collateral.

14. The A2 beneficiaries have the same problem. The GOZ has leaned

on banks to accept as collateral the "offer letters" they receive to show their entitlement. But there are widespread reports that such letters can be forged, and in any case the claims they represent are not transferable. As a consequence, it is impossible for banks to use them as collateral.

15. Lack of secure tenure has an immediate negative effect on expectations for the 2010 harvest. While farmer organizations and relief agencies report that seed and fertilizer are widely available, many farmers cannot finance the purchase of inputs needed for planting. Bankers have told us that lending in agriculture is now limited to farmers who can pledge residential real estate in town or who have a long track record of successful borrowing. Qtown or who have a long track record of successful borrowing.

16. For A1 and A2 farmers -- the beneficiaries of "fast-track land reform" -- tenure is acutely insecure because it is based on the patronage of President Mugabe's ZANU-PF party. Many A2 farmers reportedly have little experience in agriculture and most lack the financing needed to support farming on an economic scale. But the GOZ's land-reform program does not allow them to rent their land to farmers who do have the means to cultivate. In some cases, A2 farmers have been able to make informal arrangements with neighboring white farmers who continue to operate. Even so, the consequence of tenure insecurity is that while the A1 and A2 farmers produce very little, ZANU-PF retains leverage over its new rural clientele.

17. In a briefing for diplomats on October 15, leaders of the Commercial Farmers Union (CFU) echoed the message that land tenure has become insecure across all sectors of agriculture in Zimbabwe.

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The CFU represents the interests of large scale commercial farmers -- the mainly white landowners who have been the targets of GOZ-sponsored farm invasions. The CFU's members were the first to see howQ land-reform policies ruined agricultural livelihoods by destabilizing the established land tenure system.

18. The CFU does not advocate restoration of the freehold titles its members have lost. Remedies the CFU supports include long-term leases and compromise arrangements with those who have been resettled on confiscated land. But at the October 15 briefing, both the president and vice-president of the CFU said the soluQn to Zimbabwe's conflicts over land must include a uniform and nationwide system of secure tenure that gives all farmers access to bank financing backed by transferable claims to land.

19. COMMENT: Much of the havoc caused by "fast-track land reform" cannot be reversed. Displaced commercial farmers will not be able to reclaim ownership of the land, and in any case (as the CFU concedes) most do not wish to return. But a government with a mandate for reform and the authority to act could boost agriculture by stabilizing and legitimizing the claims of those who are on the land now and prepared to cultivate it. The CFU's vision of a uniform system of land tenure is unrealistic -- attempts to legislate a substitute for customary tenure in communal areas would likely make the situation worse. The most constructive step the GOZ can take now to restore security of tenure outside communal areas is to complete the land audit the USG and other donors are ready to support. This preliminary step will likely take years, not months, and should mark the beginning of a process that ultimately gives Zimbabwe a reliable system of transferable land rights. END COMMENT.

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